

PEREGRINE CAPITAL MANAGEMENT
DOMESTIC EQUITY: RUSSELL 1000 GROWTH BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Peregrine	-9.27%	-4.91%	-21.82%	-1.67%	n/a
Russell 1000 Growth	-11.58%	-12.33%	-20.88%	0.05%	n/a

PORTFOLIO ATTRIBUTES

<u>Characteristics</u>	<u>Peregrine</u>	<u>RU 1000G</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Mkt Value (\$m)	158.34	N/A	Financial Svcs	22.31%	6.76%
Wtd Cap (\$b)	66.40	64.80	Technology	29.47%	24.89%
P/E	16.00	17.40	Health Care	16.29%	14.51%
Beta	1.20	0.97			
Yield (%)	1.20	1.24	<u>Under-weight</u>	<u>Peregrine</u>	<u>RU 1000G</u>
Earnings Growth	18.00	15.00	Energy	0.00%	7.31%
			Consumer Stapl	7.04%	10.19%
			Producer Durab	4.02%	7.25%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

In a very difficult market environment, the portfolio held up better than the Russell 1000® Growth Index during September. For the quarter, the portfolio was down 4.9%, and picked up 740 basis points relative to the benchmark. The portfolio's high quality growth profile aided performance in a significant September downdraft. Relative performance was helped by a few main factors: 1) the portfolio did not have a weighting in the commodity and heavy industrial sectors, which plummeted along with the underlying commodity prices; 2) the portfolio's healthcare and retail stocks continued to act as a relative safe haven; 3) The portfolio's technology services stocks such as Microsoft, Paychex, and Automatic Data Systems retained much of their value during the quarter. Interestingly, despite a heavy weighting, the portfolio's financial services stocks impacted performance by a minor amount relative to the index. The absolute gains for Charles Schwab and CME Group, offset some of the impact of the financial markets crisis. The portfolio held American International Group during most of the month, but it constituted only 0.67% of the portfolio by weight. There is no doubt that we are experiencing a significant financial crisis. To add fuel to the fire, hedge funds are in the process of liquidating holdings to meet a massive dollar amount of redemptions. All is not dark: inflation expectations have dropped significantly as commodity prices have fallen. As a result, equity valuations are even more compelling. When financial markets stabilize, investors will be returning to the scene of the crisis, and will find outstanding opportunities—especially in the large cap, high quality growth spectrum of the market. The road has been painful across a number of sectors and geographies, but it is likely that the global financial structure will be on firmer footings--setting the stage for renewed economic growth and solid returns on investment.

MANAGER STYLE SUMMARY

Peregrine manages a large cap growth equity portfolio, utilizing a "bottom up" strategy, and focusing more on the future growth prospects of a firm rather than current earnings. We can expect the portfolio to include 30-50 securities, the P/E and P/B ratios to be slightly higher than that of the market, stock volatility to be slightly higher than the market, and dividend yield to be lower than average. Their style encourages overweight positions in traditional growth sectors such as technology, retail, business services, and financial services. Due to the concentrated nature of the portfolio, it will tend to be more volatile than more diversified portfolios.

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PORTFOLIO GUIDELINE COMPLIANCE

SEPTEMBER

2008

Portfolio Guideline:	S&P 500	Peregrine	Calc	Min	Max	Compliance
B2. Security Market Cap > \$1 billion						ok
B3. Security position <=5% @ purchase, excluding contributions						ok
B4. Number of issues		31		30	50	ok
B5. P/B	2.20	3.40	1.5	1.2	2.0	ok
B5. P/E (Projected)	15.60	16.00	1.0	1.0	2.0	ok
B5. Dividend Yield	2.50	1.20	0.5	0.1	0.8	ok
B5. Beta	1.00	1.20	1.2	1.10	1.35	ok
B5. Earnings Growth (5-year)		18%		11%	22%	ok
F2. Commissions not to exceed \$0.05/share						ok
F3. Annual Turnover		8%		15%	30%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

F3. Annual Turnover: Average Annual Turnover since Growth Equity inception (01/01/83) has been less than 20%.

ORGANIZATIONAL/PERSONNEL CHANGES

ACCOUNT TURNOVER

Gained:	Number of Accounts:	Total Market Value (\$m):
Lost:	Number of Accounts: 1	Total Market Value (\$m): \$ 11.1
	Reason(s): Past performance and reconfiguration of portfolio	